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Austria

Agricultural Situation

Austrian Fruit Production

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Approved by:
Robert Curtis
U.S. Embassy Vienna
Prepared by:
Walter Krucsay

Report Highlights:
Austrian commercial fruit production is significantly smaller than the non-commercial crop. Like other Austrian agricultural sectors, commercial fruit production is characterized by small sized areas. The production value is about 17% of total plant production. The main fruit is apples.

Includes PSD changes: No
Includes Trade Matrix: No
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Summary
Austrian fruit production is around 700,000 MT, half of which are apples. The main growing areas are in the climatically favorable flat and hilly areas of the Danube valley and the eastern and south eastern regions of the country. Roughly one third of the total output comes from commercial producers and the rest from non-specialized fruit growers. Commercial fruit production is in general on a small scale but there is a distinct trend to larger orchards. Fruit production, by value, accounts for 17% of total plant production.

The major share of the commercial fruit crop is sold through wholesalers who are well equipped with modern sorting and storage facilities. The retail trade is highly concentrated and therefore exercises strong price pressure. A more concentrated offer by producers would moderate this situation. Support for commercial fruit production is provided through co-financed and national programs. Organic fruit production is minimal but is regarded to have good growth potential due to good demand for organic fruits. End summary.

Average exchange rate: $ 1 = AS 12.91 in 1999
AS 14.34 in the first half of 2000

A. General

Production

Austria's combined area of commercial and non-commercial fruit production is around 19,100 ha, which is less than 1% of total agricultural land area. With 51% of the total fruit area, the federal province of Styria has the largest share, followed by Lower Austria with 15%. Most of the 500,000 - 700,000 MT annual fruit crop is produced on family farms, which during peak work periods employ seasonal laborers.

Commercial producers are well equipped with machine and transportation facilities. Some of the fruit area can be irrigated, primarily by drop irrigation and sprinkler. In certain areas, where hail is common, growers protect their crops with special hail nets.

The production value of fruits is usually in the range of AS 3.1 - 3.2 billion, which accounts for 17% of plant production and 10% of total agricultural production.

Location

Most of the commercial fruit production is concentrated in the climatically more favorable flat and hilly areas of the northern and eastern provinces of Styria, Lower Austria, Burgenland, and Upper Austria. Only 4% of the commercial fruit area is in other more mountainous provinces. Non-commercial fruit production is spread over the country.

Due to climatic conditions, not all fruits demanded by consumers can be grown in Austria. In addition, Austrian producers have the climatic disadvantage, versus their southern competitors, in that Austrian products come on the market later in the season and can be offered fresh from tree or field only during a relatively short period of time.

Structure

In view of EU accession and hopes for larger market opportunities, the commercial orchards began to expand in 1994. In 1997 (last survey), their area rose 13% to 11,900 ha. However, at the same time the number of producers rose only by 8% to 5,100. Like other Austrian agricultural sectors, fruit production is on a small scale. The largest group of producers (20%) operates areas of only 0.5 - 1 ha. Roughly 17% operate 1 - 2 ha and less than 1% own more than 20 ha. The average area per grower in 1997 was 2.3 ha, up 5% in land holding from 1994. The distinct trend towards larger, more concentrated production continues. However, expansion continues on a slow pace.

Producer Organizations

Currently, there is only one producer organization which fulfills EU requirements (certain turnover or certain regional market share) for EU support. It is located in Styria and is involved in marketing of apples, pears, and peaches.

Storage Facilities

Soft fruits such as strawberries, cherries, morellos (small sour cherries), and various berries are quickly cooled and usually marketed at harvest. Due to the short season of these products and the relatively small output, storage facilities are usually not on the highest level.

The major share of apples and pears are varieties which can be stored. More than 80% of storage apples go into controlled atmosphere storage, of which many are new and run by ultra low oxygen (ULO). At times of large crops, they can be stored up to 12 months. Pears are marketed freshly in fall or stored for a short period, maximum until Christmas.

The storage capacity is estimated at 120,000 - 150,000 MT, predominantly owned by wholesalers. However, many of the fruit growers also have modern storage facilities but hardly ULO storage.

Marketing

The most common domestic fruit marketing method is the sale to wholesalers who sort them and store them until they are delivered to retailers. A smaller share of the fruit crop is sold through a producer organization (in Styria) and a fruit cooperative (in Krems). Some farmers sell directly to supermarket chains and individual food shops.

In the retail sector, the Austrian food market is dominated by supermarket chains whereby the two largest ones have a market share of roughly 60%. Close to 90% of fruits are sold through supermarkets. Sales on farmer markets account for less than 10% of the total fruit market. As the number of special fruit and vegetable shops is small, they play a very minor role in fruit marketing.

Self service and selection by consumers in supermarkets, through which the major share of fruits is sold, result in high demands on appearance and long shelf life. Accordingly, fruits have to be quickly marketed or well stored.

The high concentration in the retail sector (six supermarket chains cover 95% of the domestic food market) causes strong pressure on producer prices. From the producer side the adequate response should be more concentrated offers.

The non-commercial apple crop is primarily used by the owners, though some is sold on farms and at farmer markets.

Industrial Use

Of the domestic crop about 100,000 MT of low quality and small so called cider apples are used by the juice industry and an unknown, but small quantity by the pectin and jam industry. The major share of other fruits is imported by the food industry. Due to lower prices, central European countries are the major suppliers to the food processing industry.

Policy

a. Support for the fruit sector is provided in the frame work of the following co-financed programs:

- Individual and collective investment program: Credit interest support for production improvement (better varieties etc.)

- Sector plan: Contribution for marketing improvement e.g. storage facilities.

- Integrated fruit production: Fruit growers participating in this program accept a more limited use of pesticides and fertilizers. To compensate for higher labor input and lower crops, an annual support of AS 7,000/ha is paid. The amount is the same for all fruits.

- Organic production: Due to the high production costs, this line is supported with AS 10,000/ha and year. The amount is the same for all fruits.

b. Pure national support (50% of costs) is provided for crop insurance against hale.

c. Austria never had large fruit surpluses, which had to go into intervention. Thus, Austria is not interested in the EU intervention system for fruits.

Organic Production

Organic production is a small side line of fruit production. With around 600 ha, the organic planted area accounts for 5% of the total commercial fruit area. As with non-organic fruits, apples (40%) dominate this sub sector. The share of organic pears is 4%, cherries/sour cherries 2%, plums 1%, apricots 3%, peaches 2%, nuts and quince 4%, strawberries 7%, red currents 11%, and elderberry along with other berries 26%.

Organic fruit production is carried out according to EU regulation 2092/91 of September 1999. Although this line is supported by EU and government payments and although demand exceeds supply, only relatively few farmers switch to organic production. The reason for the reluctance of many farmers is higher labor input and the fear of output losses because of diseases and pests due to limited pesticides application. Among farmers, there is still considerable lack of knowledge about organic cultivation. However, as consumers are prepared to pay higher prices for organic products, in the long term organic fruit production is expected to rise. The current organic fruit crop and consumption is distinctly below 1% of production and consumption.

B. Fruit Types

1. Apples

The most important domestic fruit is apple, produced on 5,970 ha (nearly 50% of the commercial fruit area). In addition, there are approximately 4.3 million apple trees in meadows and gardens in non-commercial production, 94% of them are high and half stems and 6% low stems and hedges. A good annual apple crop is around 350,000 MT table apples of which half comes from non-commercial production. The major share are fall and winter apples (around 90%). In addition to table apples, 60 - 80,000 MT of small and sour cider apples are grown in meadows and pastures on around 1 million trees. These apples are used by farmers and the industry for processing. The gross production value of the total apple crop (including cider apples) is around AS 1 billion.

In commercial fruit farms, the trend toward more intensive production continues. New trees are shorter and the number of trees per hectare is rising. Hedge cultures (predominantly M9 base) are particularly expanding. At the last survey carried out in 1997, the average number of apple trees was 2,264/ha compared to 1,904/ha in 1994. At the same time, the commercial apple area rose by 24% but the number of producers only by 4% to 3,100.

For many years, Golden Delicious has been the leading variety. With 26.8% of the total apple area, its share has increased slightly compared to 1994. Idared is the distant second (13.6%), followed by Jonagold (12.7%), Gloster (8.8%), Elstar (6.5%), Gala (5.7%), Kronprinz Rudolf (3.2%), Braeburn (3%), McIntosh (1.8%), Arlet (1.7%), Red Boskop (1.6%), Jonathan (1.5%), Granny Smith (1.3%), Rubinette (1%) and other fall/winter apples 5.9%. The small share of summer apples includes Jerseymac, Summerred (1.8%), Early Gold (0.8%), James Grieve (0.6%), Vistabella (0.4%), Delbert Estivale (0.3%), Gravensteiner (0.3%),and other summer apples (0.7%).

Due to the small sized average orchard area (2.3 ha/producer), input costs are relatively high. For example, an apple farm with hedges (used during a period of 15 years), average yield of 30,000 kg/ha, and marketing through cooperative has the following input costs/year: fertilizer AS 2,650; pesticides AS 11,690; hale insurance AS 8,550; variable machine costs AS 6,260; non family labor costs AS 8,780; advertizing contribution AS 3,100; fence maintenance AS 470; various repairs AS 825; land tax AS 930; and association membership AS 150. Thus, variable costs total AS 43,405. If apple prices are low, e.g. AS 3/kg, the profit contribution is around AS 46,600/ha.

2. Pears

Austria's pear production is small. The demand for pears is low, fewer areas are suitable for pear production and apple production is regarded as more profitable. As with apples, Styria and Lower Austria are the predominant producers. Of the 40 - 50,000 MT annual pear crop, nearly 90% are from non-commercial orchards with estimated 1.92 million trees. The commercial pear area of the 1,300 growers accounts for only 500 ha. In these areas the lower, easier to harvest, and shorter living trees with higher per hectare yields are replacing taller trees. As a consequence, the tree density of 1,047/ha in 1994 rose to 1,164/ha in 1997. In addition to table pears, about 60,000 MT of small flavor poor cider pears (55,000 trees) are grown in meadows and pastures. They are used on farms for juice and alcoholic drink production. The total gross production value is around AS 200 million/year.

Around 30% of the total crop are summer pears. The leading summer varieties are Williams Christ (35% of total pear area), followed by Claps (3%), and other summer pears (2%). Among fall and winter pears, Gute Luise is dominating (22%), followed by Bosc's Flaschenbirne (18%), Alexander Lukas (7%), Packham Triumph (5%), and other winter pears (8%). The area for Alexander Lukas and Gute Luise shows a declining trend but that of Bosc's Flaschenbirne and Packham's Triumph is rising.

3. Stone Fruits

The main production areas are the Danube valley and the eastern and south-eastern parts of the country. As with apples and pears, the major share of stone fruits comes from non-specialized farms. Only with peaches, is a relatively large share produced by commercial growers.

Many of the Austrian apricot trees are infested by the sharka virus. As there are no other means against this disease than uprooting, the Agricultural University has developed genetically modified sharka resistant varieties which are now tested in large isolated Saran tents. However, due to strong resistance from environmental groups, it is questionable if they will ever be released into open land.

Stone Fruit Production

Fruits	Non-Commercial Tree Number	Commercial Area in ha	Combined Production in MT	Commercial Share in %
Peaches	303,000	370	9,500	46
Apricots	490,00	430	2,700	20
Prunes, incl. Plums & yellow plums	2,400,000	320	55,500	7
Cherries	931,000	80	24,500	3
Morellos	237,000	50	4,500	10

The peach area shows a declining trend. In the past, peach production was protected but with EU accession the market was opened for more competitive Italian peaches which have a longer season. This has resulted in a decline in domestic peach production. The apricot area is stagnant. Both fruits are produced by slightly more than 1,000 growers. Nectarine production is minimal.

4. Berries

In recent years, production of strawberries, black currents, raspberries, blackberries, and elderberries has been increasing. Elderberries are primarily used for manufacturing of beverages, alcoholic drinks, and particularly food dyes. As the use of synthetic dyes in foods is very restricted and not appreciated by consumers, elderberries have a good market. Blue berries and cranberries are hardly cultivated in Austria.

Berry Production

Berries	Non-Commercial Bush Number	Commercial Area in ha	Combined Production in MT	Commercial Share in %
Red & white currents	1,100,000	60	12,600	3
Black currents	1,800,000	150	5,500	87
Gooseberries	680,000		1,600	
Strawberries	270 ha	1,200	15,500	90
Raspberries		140		
Blackberries		20		
Other berries		80		
Elderberries		1,120		

5. Nuts

For climatic conditions, walnuts and hazelnuts can be grown in Austria but only walnuts are cultivated. The combined commercial (100 ha) and non-commercial production is estimated at around 10,000 MT.